

**UTILITIES DIVISION[199]**

**Adopted and Filed**

**Rule making related to electric utility service**

The Utilities Board hereby amends Chapter 20, “Service Supplied by Electric Utilities,” Iowa Administrative Code.

*Legal Authority for Rule Making*

This rule making is adopted under the authority provided in Iowa Code sections 476.2 and 476.6(8)“b.”

*State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code chapter 476 and section 476.6(8)“b.”

*Purpose and Summary*

This rule making adopts amendments to Chapter 20, the Board’s electric service rules, as part of the five-year update and establishes rules for the statutory requirements in Iowa Code section 476.6(8)“b” for the pass-through of federally approved electric transmission costs. The amendments clarify Board rules regarding pass-through of energy costs to customers and simplify reliability requirements. In addition, the Board has adopted a new Chapter 27 (**ARC 5865C**, IAB 8/25/21) to regulate electric cooperatives and municipal electric utilities; thus, language relating to that topic has been removed from Chapter 20.

*Public Comment and Changes to Rule Making*

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on February 24, 2021, as **ARC 5475C**. An oral presentation was held on April 13, 2021, at 1 p.m. in the Board Hearing Room, 1375 East Court Avenue, Des Moines, Iowa.

Comments were filed by the rate-regulated utilities, the Office of Consumer Advocate, large customer groups, and environmental organizations. The Board also held workshops with interested persons to discuss some of the more detailed filing requirements and other issues. Most of the comments addressed the filing requirements for passing through to customers electric power costs and the transmission cost adjustment tariffs. There was also some discussion regarding reporting on reliability standards by the rate-regulated utilities.

In addition to the written comment deadline contained in the Notice, the Board allowed the public to file additional written comments. The Board also issued an order with a draft Adopted and Filed to allow for a final round of comments before final rules were adopted. Comments were filed by the same persons as filed comments before and after the oral presentation. The written comments addressed issues regarding the amount and type of information a utility is required to file with the updates in the rates for passing through energy costs to customers and the transmission cost adjustment tariffs. There was also discussion of the requirement to file reports regarding the reliability of the electric power system. The order adopting the amendments to Chapter 20 is available on the Board’s electronic filing system under Docket No. RMU-2019-0020.

Based upon the written comments and the discussions at the oral presentation, the Board made several changes from the amendments proposed in the Notice. The Board made some minor changes to the language regarding the tariff filing requirements for passing through electric costs and the transmission cost recovery tariffs, revised the electronic filing requirements for electronic maps, and did not amend the Board’s system reliability rules as proposed in the Notice. The order explaining the revisions can be located in Docket No. RMU-2019-0020 in the Utilities Board electronic filing system, [efs.iowa.gov](https://efs.iowa.gov).

### *Adoption of Rule Making*

This rule making was adopted by the Board on October 11, 2021.

### *Fiscal Impact*

The amendments to Chapter 20 do not significantly change the rules for rate-regulated electric utilities from current rules and so should not have a significant fiscal impact.

### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

### *Waivers*

No waiver provision is included in the proposed amendments because the Board has a general waiver provision in rule 199—1.3(17A,474,476) that provides procedures for requesting a waiver of the rules in Chapter 20.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

### *Effective Date*

This rule making will become effective on December 8, 2021.

The following rule-making actions are adopted:

- ITEM 1. Amend **199—Chapter 20**, title, as follows:  
SERVICE SUPPLIED BY RATE-REGULATED ELECTRIC UTILITIES
- ITEM 2. Amend rule 199—20.1(476) as follows:

#### **199—20.1(476) General information.**

**20.1(1) Authorization of rules.** Iowa Code chapter 476 provides that the Iowa utilities board shall establish all needful, just and reasonable rules, not inconsistent with law, to govern the exercise of its powers and duties, the practice and procedure before it, and to govern the form, content and filing of reports, documents and other papers necessary to carry out the provisions of this law.

*a.* Iowa Code chapter 478 provides that the Iowa utilities board shall have power to make and enforce rules relating to the location, construction, operation and maintenance of certain electrical transmission lines.

~~The application of the rules in this chapter to municipally owned utilities furnishing electricity is limited by Iowa Code section 476.1B, and the application of the rules in this chapter to electric utilities with fewer than 10,000 customers and to electric cooperative associations is limited by the provisions of Iowa Code section 476.1A.~~

*b.* Electric utilities with fewer than 10,000 customers subject to board regulation pursuant to Iowa Code section 476.1A are subject to the regulatory requirements set out in 199—Chapter 27 for electric cooperatives.

**20.1(2) Application of rules.** The rules shall apply to any rate-regulated electric utility operating within the state of Iowa subject to Iowa Code chapter 476, and to the construction, operation and maintenance of electric transmission lines to the extent provided in Iowa Code chapter 478, and shall supersede all tariffs on file with the board which are in conflict with these rules.

*a.* These rules are intended to promote safe and adequate service to the public, to provide standards for uniform and reasonable practices by utilities, and to establish a basis for determining the reasonableness of such demands as may be made by the public upon the utilities.

*b.* A request to waive the application of any rule on a permanent or temporary basis may be made in accordance with 199—1.3(17A,474,476).

*c.* The adoption of these rules shall in no way preclude the board from altering or amending them pursuant to statute or from making such modifications with respect to their application as may be found necessary to meet exceptional conditions.

*d.* These rules shall in no way relieve any utility from any of its duties under the laws of this state. **20.1(3)** and **20.1(4)** No change.

ITEM 3. Amend subrule 20.2(2) as follows:

**20.2(2) Tariffs to be filed with the board.** The schedules of rates and rules of rate-regulated electric utilities shall be filed with the board and shall be classified, designated, arranged and submitted so as to conform to the requirements of this chapter. Provisions of the schedules shall be definite and so stated as to minimize ambiguity or the possibility of misinterpretation. The form, identification and content of tariffs shall be in accordance with these rules. A rate-regulated electric utility's current tariff will be made available through the board's electronic filing system.

~~Utilities which are not subject to the rate regulation provided for by Iowa Code chapter 476 shall not be required to file schedules of rates, rules, or contracts primarily concerned with a rate schedule with the board and shall not be subject to the provisions related to rate regulations, but nothing contained in these rules shall be deemed to relieve any utility of the requirement of furnishing any of these same schedules or contracts which are needed by the board in the performance of the board's duties upon request to do so by the board.~~

ITEM 4. Amend subrule 20.3(8) as follows:

**20.3(8) Service areas.** Service areas are defined by the boundaries on service area maps. ~~Paper Electronic~~ maps are available for viewing during regular business hours at the board's offices ~~and available for purchase at the cost of reproduction.~~ Maps are also available for viewing on the board's website. ~~These service area maps are adopted as part of this rule and are incorporated in this rule by this reference.~~

ITEM 5. Amend subrule 20.3(9) as follows:

**20.3(9) ~~Petition for modification~~ Modification of service area and answers.**

*a.* An exclusive service area is subject to modification through a contested case proceeding which may be commenced by filing a petition for modification of service area with the board. The board may commence a service area modification proceeding on its own motion. The board may grant a modification if the modification promotes the public interest. In determining whether the modification is in the public interest, the board will consider the factors described in Iowa Code section 476.25(1) and any other relevant factors.

*b.* ~~Any~~ An electric utility or municipal corporation may file a petition for modification of service area, which shall contain (1) a legal description of the service area desired, (2) a designation of the utilities involved in each boundary section, and (3) a justification for the proposed service area modification, and (4) in addition to the PDF (Portable Document Format) required in 199—subrule 14.8(1), an electronic file of the proposed service area boundaries, in a format designated by the board, as described on the electronic filing system (EFS) homepage under EFS Filing Standards. The justification shall include a detailed statement of why the proposed modification is in the public interest. A map showing the affected areas which complies with paragraph 20.3(11) "a" shall be attached to the petition as an exhibit.

*c.* Filing of the petition with the board, and service to other parties, shall be in accordance with 199—Chapter 14.

*d.* ~~All parties shall file an~~ An answer which complies to a petition for a service area modification shall comply with 199—subrule 7.5(1) 199—subrule 7.9(2).

*e.* Electric utilities may agree to service area modifications by contract pursuant to Iowa Code section 476.25(2). Contracts to be enforceable require board approval. The board shall approve a contract

if the board finds that the contract will eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, will promote the efficient and economical use and development of the electric systems of the contracting utilities, and is in the public interest.

ITEM 6. Amend subrule 20.4(2) as follows:

**20.4(2) Customer contact employee qualifications.** Each utility shall promptly and courteously resolve inquiries for information or complaints. Employees who receive customer telephone calls and office visits shall be qualified and trained in screening and resolving complaints, to avoid a preliminary recitation of the entire complaint to employees without ability and authority to act. The employee shall provide identification to the customer that will enable the customer to reach that employee again if needed.

a. Each utility shall notify its customers, by bill insert or notice on the bill form, of the address and telephone number where a utility representative qualified to assist in resolving the complaint can be reached. The bill insert or notice shall also include the following statement: “If (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321, or toll-free 1-877-565-4450, or by writing to 1375 E. Court Avenue, Des Moines, Iowa 50319-0069, or by email to [customer@iub.iowa.gov](mailto:customer@iub.iowa.gov).”

~~The bill insert or notice for municipal utilities shall include the following statement: “If your complaint is related to service disconnection, safety, or renewable energy, and (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321, or toll-free 1-877-565-4450, by writing to 1375 E. Court Avenue, Des Moines, Iowa 50319-0069, or by email to [customer@iub.iowa.gov](mailto:customer@iub.iowa.gov).”~~

~~The bill insert or notice for non-rate-regulated rural electric cooperatives shall include the following statement: “If your complaint is related to the (utility name) service rather than its rates, and (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321, or toll-free 1-877-565-4450, by writing to 1375 E. Court Avenue, Des Moines, Iowa 50319-0069, or by email to [customer@iub.iowa.gov](mailto:customer@iub.iowa.gov).”~~

~~b.~~ The bill insert or notice on the bill shall be provided monthly by utilities serving more than 50,000 Iowa retail customers and no less than annually by all other electric utilities. Any utility which does not use the standard statement described in this subrule shall file its proposed statement in its tariff for approval. A utility that bills by postcard may place an advertisement in a local newspaper of general circulation or a customer newsletter instead of a mailing. The advertisement must be of a type size that is easily legible and conspicuous and must contain the information set forth above.

ITEM 7. Amend subparagraph **20.4(11)“c”(1)** as follows:

(1) First payment agreement. The utility shall offer the following conditions to customers who have received a disconnection notice or who have been previously disconnected and are not in default of a payment agreement:

1. to 11. No change.

12. A customer shall not be charged interest, or a late payment charge, on a payment agreement where the customer is making payments consistent with the terms of the payment agreement.

ITEM 8. Amend subparagraph **20.4(15)“d”(3)**, question 3, as follows:

**3. How do I apply for low-income energy assistance? (Residential customers only)**

a. ~~Contact the local community action agency in your area (see attached list)~~ Applications are taken at your local community action agency. If you are unsure where to apply, dial 2-1-1 or 1-800-244-7431, or visit [humanrights.iowa.gov/dcaa/](http://humanrights.iowa.gov/dcaa/).

b. To avoid disconnection, you must apply for energy assistance or weatherization before your service is shut off. Notify your utility that you may be eligible and have applied for energy assistance. Once your service has been disconnected, it will not be reconnected based on approval for energy assistance.

c. Being certified eligible for energy assistance will prevent your service from being disconnected from November 1 through April 1.

~~d. If you have additional questions, contact the Division of Community Action Agencies at the Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; telephone (515)281-3861.~~

ITEM 9. Amend subrule 20.8(1) as follows:

**20.8(1) *Protective measures.*** Each utility shall exercise reasonable care to reduce those hazards inherent in connection with its utility service and to which its employees, its customers, and the general public may be subjected and shall adopt and execute a safety program designed to protect the public and fitted to the size and type of its operations. A utility shall include in its safety program procedures for notifying the board and the public of an incident involving a component of a wind turbine, solar facility, storage facility, or any other generating facility where the incident has resulted in damage to adjacent property or members of the public.

ITEM 10. Amend rule 199—20.9(476) as follows:

**199—20.9(476) Electric energy ~~sliding scale or automatic adjustment.~~** ~~A rate-regulated utility's sliding scale or automatic~~ The electric energy cost adjustment of the unit charge for electric energy shall be an energy adjustment clause.

**20.9(1) *Applicability.*** ~~A rate-regulated utility's sliding scale or automatic~~ electric energy adjustment of electric utility energy rates shall recover from consumers only those costs which:

- a. Are incurred in supplying energy;
- b. Are beyond direct control of management;
- c. Are subject to sudden important change in level;
- d. Are an important factor in determining the total cost to serve; and
- e. Are readily, precisely, and continuously segregated in the accounts of the utility.

**20.9(2) *Energy adjustment clause for rate-regulated utility.*** ~~Prior to each billing cycle any period in which a utility proposes to change the adjustment amount for each energy unit delivered to the customer, a rate-regulated~~ the utility shall determine and file for board approval the adjustment amount to be charged for each energy unit consumed delivered under rates set by the board. The energy adjustment clause factors shall be printed on the customer's bill. The filing shall include all journal entries, invoices (except invoices for fuel, freight, and transportation), worksheets, and detailed supporting data used to determine the amount of the adjustment. Spreadsheets, workbooks, and databases included in filings shall include all cell formulae and cell references. Utilities that participate in a wholesale energy market and use a forecasted energy adjustment clause shall provide information about key inputs and assumptions and explain the differences between the forecast and actual fuel costs. The estimated amount of fossil fuel should be detailed to reflect the amount of fuel, transportation, emission allowances, and other costs.

a. ~~The utility shall keep and maintain journal entries should reflect the following to reflect a breakdown for each type of fuel: actual cost of fuel, transportation costs, and other costs. Items identified as other costs should be described and their inclusion as fuel costs should be justified shall be approved by the board. The board may direct that journal entries be filed. The utility shall also file detailed supporting data:~~

- ~~1- (1)~~ To show the actual amount of sales of energy by month for which an adjustment was utilized, and
- ~~2- (2)~~ To support the energy cost adjustment balance utilized in the monthly energy adjustment clause filings.

~~a- b.~~ The energy adjustment shall provide for change of the price per kilowatt-hour consumed kilowatt-hour delivered under rates set by the board based upon the formulas provided below in the utility's tariff. The energy adjustment factor shall be rounded on a consistent basis to either the nearest 0.01¢/kWh or 0.001¢/kWh. The tariff shall define the components of the formula(s) and shall include reference to the specific accounts of the Uniform System of Accounts for each component.

- (1) For each period as specified in the tariff, the calculation shall be include but not be limited to:

$$E_0 = \frac{EC_0 + EC_1}{EQ_0 + EQ_1} \pm \frac{A_1}{EJ_0 + EJ_1} - B$$

~~$E_0$  is the energy adjustment charge to be used in the next customer billing cycle rounded on a consistent basis to either the nearest 0.01¢/kWh or 0.001¢/kWh. For deliveries at voltages higher than secondary line voltages, appropriate factors should be applied to the adjustment charge to recognize the lower losses associated with these deliveries.~~

~~$EC_0$  is the estimated expense for energy in the month during which  $E_0$  will be used.~~

~~$EC_1$  is the estimated expense for energy in the month prior to the month of  $EC_0$ .~~

~~$EQ_0$  is the estimated electric energy to be consumed or delivered and entered in accounts 440, 442, 444-7, excluding energy from distinct interchange deliveries entered into account 447 and including intrautility energy service as included in accounts 448 and 929 of the Uniform System of Accounts during the month in which  $E_0$  will be used.~~

~~$EQ_1$  is the estimated electric energy to be consumed or delivered and entered in accounts 440, 442, 444-7, excluding energy from distinct interchange deliveries entered in account 447 and including intrautility energy service as included in accounts 448 and 929 of the Uniform System of Accounts during the month prior to  $EQ_0$ .~~

~~$EJ_0$  is the estimated electric energy to be consumed under rates set by the board in the month during which the energy adjustment charge ( $E_0$ ) will be used in bill calculations.~~

~~$EJ_1$  is the estimated electric energy to be consumed under rates set by the board in the month prior to the month of  $EJ_0$ .~~

~~$A_1$  is the beginning of the month energy cost adjustment account balance for the month of estimated consumption  $EJ_1$ . This would be the most recent month's balance available from actual accounting data.~~

~~$B$  is the amount of the electric energy cost included in the base rates of a utility's rate schedules.~~

~~1. The estimated energy cost and revenues;~~

~~2. The estimated electric energy to be delivered and entered in accounts 440, 442, and 444-7, excluding energy from distinct interchange deliveries entered into account 447, and including intrautility energy service as included in accounts 448 and 929 of the Uniform System of Accounts during the month in which the energy adjustment charge will be used; and~~

~~3. The energy cost adjustment account balance.~~

~~(2) The base formula for the energy adjustment factor shall be:~~

~~Energy adjustment factor = (energy cost adjustment account balance + estimated energy costs and revenues) / estimated energy delivered~~

~~b. c. The estimated energy cost ( $EC_0 + EC_1$ ) and revenues shall be the estimated cost and revenues associated with  $EQ_0$  and  $EQ_1$  determined as the cost of:~~

~~(1) Fossil and nuclear fuel consumed in the utility's own plants and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants. Fossil fuel shall include natural gas used for electric generation and the cost of fossil fuel transferred from account 151 to account 501 or 547 of the Uniform System of Accounts for Electric Utilities. Nuclear fuel shall be that shown in account 518 of the Uniform System of Accounts except that if account 518 contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from the account. (Paragraph C of account 518 includes the cost of other fuels used for ancillary steam facilities.)~~

~~(2) The cost of steam purchased, or transferred from another department of the utility or from others under a joint facility operating agreement, for use in prime movers producing electric energy (accounts 503 and 521).~~

~~(3) A deduction shall be made of the expenses of producing steam chargeable to others, to other utility departments under a joint operating agreement, or to other electric accounts outside the steam generation group of accounts (accounts 504 and 522).~~

~~(4) The cost of water used for hydraulic power generation. Water cost shall be limited to items of account 536 of the Uniform System of Accounts. For pumped storage projects, the energy cost of pumping is included. Pumping energy cost shall be determined from the applicable costs of subparagraphs of paragraph 20.9(2) "b." 20.9(2) "c."~~

(5) The energy costs paid for energy purchased under arrangements or contracts for capacity and energy, as entered into account 555 of the Uniform System of Accounts, less the energy revenues to be recovered from corresponding sales, as entered in account 447 of the Uniform System of Accounts.

(6) Purchases from AEP alternative energy production facilities under rule 199—15.11(476).

(7) The weighted average costs of inventoried allowances used in generating electricity.

(8) The gains and losses, as described in subrule 20.17(9), from allowance transactions occurring during the month. Allowance transactions shall include vintage trades and emission for emission trades.

(9) Eligible costs or credits associated with the utility's annual reconciliation of its alternate energy purchase program under 199—paragraph 15.17(4) "b."

(10) Federal production tax credits unless the board approves different ratemaking treatment.

(11) Other costs and revenues as specified in the utility's tariff and approved by the board. For all other costs and revenues, the utility shall provide the type of cost, the dollar amount, and reference to the board order approving the cost to be included in the energy adjustment clause (EAC).

e. d. The energy cost adjustment account balance (A) shall be the cumulative balance of any excess or deficiency which arises out of the difference between board recognized energy cost recovery and the amount recovered through application of energy charges to consumption under rates set by the board. Each monthly entry (D) into the energy cost adjustment account shall be the dollar amount determined from solution of the following equation (with proper adjustment for those deliveries at high voltage which for billing purposes recognized the lower losses associated with the high voltage deliveries). The calculation for the energy cost adjustment account balances shall include but is not limited to:

$$D = \left[ C_2 \times \frac{J_2}{Q_2} \right] - \left[ J_2 \times (E_2 + B) \right]$$

C<sub>2</sub> is the actual expense for energy, calculated as set forth in 20.9(2) "b," in the month prior to EJ<sub>1</sub> of 20.9(2) "a."

J<sub>2</sub> is the actual energy consumed in the prior month under rates set by the board and recorded in accounts 440, 442 and 444-6 of the Uniform System of Accounts.

Q<sub>2</sub> is the actual total energy consumed or delivered in the prior month and recorded in accounts 440, 442, 444-7, excluding energy from distinct interchange deliveries entered in account 447, and including intrautility energy service as included in accounts 448 and 929 of the Uniform System of Accounts.

E<sub>2</sub> is the energy adjustment charge used for billing in the prior month.

B is the amount of the electric energy cost included in the base rates of a utility's rate schedules.

(1) The actual energy expense for the prior period and recorded in accounts 440, 442 and 444-6 of the Uniform System of Accounts;

(2) The actual electric energy delivered for the prior period and recorded in accounts 440, 442, and 444-7, excluding energy from distinct interchange deliveries entered into account 447, and including intrautility energy service as included in accounts 448 and 929 of the Uniform System of Accounts; and

(3) The beginning energy cost adjustment account balance (overrecovered or underrecovered amount) for the current period.

d. e. Reserve account for nuclear generation. A rate-regulated utility owning nuclear generation or purchasing energy under a participation power agreement on nuclear generation may establish a reserve account. The reserve account will spread the higher cost of energy used to replace that the energy normally received from nuclear sources. A surcharge would be added to each kilowatt-hour kilowatt-hour from the nuclear source. The surcharges collected are credited to the reserve account. During an outage or reduced level of operation, replacement energy cost would be offset through debit to the reserve account. The debit would be based upon the cost differential between replacement energy cost and the average cost (including the surcharge) of energy from the nuclear capacity. A reserve account shall have credit and debit limitations equal in dollar amounts to the total cost differential for replacement energy during a normal refueling outage.

*e. f.* A rate-regulated utility desiring to collect expensed allowance costs and the gains and losses from allowance transactions through the energy adjustment must file with the board monthly reports including:

- (1) The number and weighted average unit cost of allowances used during the month to offset emissions from the utility's affected units;
- (2) The number and unit price of allowances purchased during the month;
- (3) The number and unit price of allowances sold during the month;
- (4) The weighted average unit cost of allowances remaining in inventory;
- (5) The dollar amount of any gain from an allowance sale occurring during the month;
- (6) The dollar amount of any loss from an allowance sale occurring during the month; and
- (7) Documentation of any gain or loss from an allowance sale occurring during the month.

*f. g.* ~~A rate-regulated utility which proposes a new sliding scale or automatic adjustment clause of electric utility energy rates shall conform such clause with the rules~~ The energy adjustment clause factor may include other automatic adjustment mechanisms as approved by the board.

**20.9(3)** ~~*Optional energy clause for a rate-regulated utility which does not own generation*~~ Utilities not making monthly changes to the adjustment amount. ~~A rate-regulated utility which does not own generation may adopt the energy adjustment clause of this subrule in lieu of that set forth in subrule 20.9(2). Prior to each billing cycle, the rate-regulated utility shall determine and file for board approval the adjustment amount to be charged for each energy unit consumed under rates set by the board. The filing shall include all journal entries, invoices (except invoices for fuel, freight, and transportation), worksheets, and detailed supporting data used to determine the amount of the adjustment. The items identified as other costs should be described and their inclusion as energy costs should be justified. The utility shall also file detailed supporting data~~ Utilities that do not file monthly adjustments shall:

1. ~~To show the actual amount of sales of energy by month for which an adjustment was utilized, and~~
2. ~~To support the energy cost adjustment balance utilized in the monthly energy adjustment clause filings.~~
  - a.* ~~The energy adjustment charge shall provide for change of the price per kilowatt hour consumed to equal the average cost per kilowatt hour delivered by the utility's system. The calculation shall be:~~

$$E_0 = \frac{C_2 + C_3 + C_4}{Q_2 + Q_3 + Q_4} - B$$

~~$E_0$  is the energy adjustment charge to be used in the next customer billing cycle rounded on a consistent basis to either the nearest 0.01¢/kWh or 0.001¢/kWh. For deliveries at voltages higher than secondary line voltages, appropriate factors should be applied to the adjustment charge to recognize the lower losses associated with these deliveries.~~

~~$C_2$ ,  $C_3$  and  $C_4$  are the charges by the wholesale suppliers as recorded in account 555 offset by energy revenues from distinct interchange deliveries entered in account 447 of the Uniform System of Accounts for the first three of the four months prior to the month in which  $E_0$  will be used.~~

~~$Q_2$ ,  $Q_3$  and  $Q_4$  are the total electric energy delivered by the utility system, excluding energy from distinct interchange deliveries entered in account 447 during each of the months in which the expenses  $C_2$ ,  $C_3$  and  $C_4$  were incurred.~~

~~$B$  is the amount of the electric energy cost included in the base rates of a utility's rate schedules.~~

~~*b.* A utility purchasing its total electric energy requirements may establish an energy cost adjustment account for which the cumulative balance is the excess or deficiency arising from the difference between commission-recognized energy cost recovery and the amount recovered through application of energy charges on jurisdictional consumption.~~

~~For a utility electing to use an energy cost adjustment account the calculation shall be:~~

$$E_0 = \frac{C_2 + C_3 + C_4}{Q_2 + Q_3 + Q_4} + \frac{A_2}{J_2 + J_3 + J_4} - B$$

$E_0$  is the energy adjustment charge to be used in the next customer billing cycle rounded on a consistent basis to either the nearest 0.01¢/kWh or 0.001¢/kWh. For deliveries at voltages higher than secondary line voltages, appropriate factors should be applied to the adjustment charge to recognize the lower losses associated with these deliveries.

$C_2, C_3$  and  $C_4$  are the charges by the wholesale suppliers as recorded in account 555 offset by energy revenues from distinct interchange deliveries entered in account 447 of the Uniform System of Accounts for the first three of the four months prior to the month in which  $E_0$  will be used.

$Q_2, Q_3$  and  $Q_4$  are the total electric energy delivered by the utility system, excluding energy from distinct interchange deliveries entered in account 447 during each of the months in which the expenses  $C_2, C_3$  and  $C_4$  were incurred.

$A_2$  is the end of the month energy cost adjustment account balance for the month of consumption  $J_2$ . This would be the most recent month's balance available from actual accounting data.

$J_2, J_3$  and  $J_4$  are electric energy consumed under rates set by the board in the months corresponding to  $C_2, C_3$  and  $C_4$ .

$B$  is the amount of the electric energy cost included in the base rates of a utility's rate schedules.

c. The end of the month energy cost adjustment account balance ( $A$ ) shall be the cumulative balance of any excess or deficiency which arises out of the difference between board recognized energy cost recovery and the amount recovered through application of energy charges to consumption under rates set by the board.

Each monthly entry ( $D$ ) into the energy cost adjustment account shall be the dollar amount determined from solution of the following equation (with proper adjustment for those deliveries at high voltage which for billing purposes recognized the lower losses associated with the high voltage deliveries):

$$D = \left[ C_2 \times \frac{J_2}{Q_2} \right] - \left[ J_2 \times (E_2 + B) \right]$$

$C_2$  is the prior month charges by the wholesale suppliers as recorded in account 555 of the Uniform System of Accounts offset by energy revenues from distinct interchange deliveries entered in account 447.

$J_2$  is the electric energy consumed under jurisdictional rates in the prior month.

$Q_2$  is the electric energy delivered by the utility system, excluding energy from distinct interchange deliveries entered in account 447 in the prior month.

$E_2$  is the energy adjustment charge used for billing in the prior month.

$B$  is the amount of the electric energy cost included in the base rates of a utility's rate schedules.

d. A utility with special conditions may petition the board for a waiver which would recognize its unique circumstances.

e. A utility which does not own generation and proposes a new sliding scale or automatic adjustment clause of electric utility rates shall conform such clause with the rules.

a. File the information pursuant to subrule 20.9(2) on a quarterly basis.

b. File an annual reconciliation of the EAC factor and an update to the EAC factor. The date of the annual reconciliation and update shall be specified in the utility's tariff. The reconciliation shall follow the requirements of subrule 20.9(2).

c. Include a semiannual adjustment if the absolute value of the cumulative over recovery or under recovery amount is greater than 20 percent of the forecasted net recoverable energy costs for the EAC year. The semiannual adjustment filing shall be filed six months after the annual reconciliation and update filing and shall follow the requirements of subrule 20.9(2), but will be limited to the remaining months of the year. The semiannual factor updates may utilize updated forecasts for the costs and sales for the remainder of the year.

**20.9(4) Review of energy adjustment clause.** At least biennially, but no more than annually, the board will shall require each utility that owns generation and utilizes an energy adjustment clause to provide fuel, freight, and transportation invoices from two months of the previous calendar year. The

utility shall include an explanation of and demonstrate how these invoices correspond to the energy adjustment clause calculations. The explanation shall include inventory accounting information and average cost of fuel and transportation included in the energy adjustment clause calculations. The board will notify each utility by May 1 as to which two months' invoices will be required. ~~Two copies of these~~ These invoices shall be filed with the board no later than the subsequent November 1.

**20.9(5) Annual reports.** With the first filing of the utility's EAC year, each utility participating in a wholesale market shall file a report explaining how participation results in reduced customer rates or reduces increases in customer rates, identifying current and evolving market issues that are expected to impact rates, and describing the utility's efforts to influence market issues for the benefit of customers.

~~This rule is intended to implement Iowa Code section 476.6(12).~~

ITEM 11. Adopt the following **new** rule 199—20.16(476):

**199—20.16(476) Exterior flood lighting.**

**20.16(1) Newly installed lighting.** All newly installed public utility-owned exterior flood lighting shall be solid-state lighting or lighting with equivalent or better energy efficiency.

**20.16(2) In-service lighting replacement schedule.** In-service lighting shall be replaced with solid-state lighting or lighting with equivalent or better energy efficiency when worn out due to ballast, lamp, or fixture failure for any other reason, such as vandalism or storm damage. A utility shall file with the board as part of the utility's annual report required in 199—Chapter 23 a report stating the progress in converting to higher pressure sodium lighting or lighting with equivalent or higher energy efficiency. Information shall be provided as part of the board 24/7 requirements.

**20.16(3) Efficacy standards.** Lighting other than solid-state has equivalent or better efficacy if one or more of the following can be established:

- a. For fixtures, the mean lumens-per-watt lamp rating is greater than 100; or
- b. The new lighting uses no more energy per installation than comparable, suitably sized solid-state; or
- c. The new lighting luminaries have a mean efficacy rating equal to or greater than 100 lumens per watt according to a Department of Energy (DOE) Lighting Facts label, testing under the DOE Commercially Available LED Product Evaluation and Reporting Program (CALiPER), Design Lights Consortium (DLC) or any other testing agency that follows Illuminating Engineering Society of North America LM-79-08 test procedures.

ITEM 12. Amend subrule 20.19(1) as follows:

**20.19(1) Notification.** The notification requirements in subrules 20.19(1) and 20.19(2) are for the timely collection of electric outage information that may be useful to emergency management agencies in providing for the welfare of individual Iowa citizens. Each electric utility shall notify the board when it is projected that an outage may result in a loss of service for more than six hours and the outage meets one of the following criteria:

a. ~~For all utilities, loss~~ Loss of service for more than six hours to substantially all of a municipality, including the surrounding area served by the same utility. A utility may use loss of service to 75 percent or more of customers within a municipality, including the surrounding area served by the utility, to meet this criterion;

b. ~~For utilities with 50,000 or more customers, loss~~ Loss of service for more than six hours to 20 percent of the customers in a utility's established zone or loss of service to more than 5,000 customers in a metropolitan area, whichever is less;

e. ~~For utilities with more than 4,000 customers and fewer than 50,000 customers, loss of service for more than six hours to 25 percent or more of the utility's customers;~~

d. c. A major event as defined in subrule 20.18(4); or

e. d. Any other outage considered significant by the electric utility. This includes loss of service for more than six hours to significant public health and safety facilities known to the utility at the time of the notification, even when the outage does not meet the criteria in paragraphs 20.19(1) "a" through "d." and "b."

ITEM 13. Adopt the following new rule 199—20.21(476):

**199—20.21(476) Transmission cost adjustment (TCA).**

**20.21(1) *Transmission cost adjustment.*** Pursuant to Iowa Code section 476.6(8) “b,” public utilities may automatically adjust rates and charges to recover transmission-related costs incurred by or charged to the public utility consistent with a tariff or agreement that is subject to the jurisdiction of the Federal Energy Regulatory Commission, provided that a schedule showing the automatic adjustment of rates and charges is first filed with and approved by the board. Transmission cost adjustments shall be computed and tracked separately for each customer classification or grouping previously approved by the board and shall use the same unit of measure as the utility’s tariffed rates. Changes in the customer classification and grouping on file are not automatic and require prior approval by the board. If any eligible cost is recovered outside of the TCA, the cost may not be recovered through the TCA until the cost is removed from its current recovery mechanism. If any eligible cost is recovered outside of the TCA, the cost may not be recovered through the TCA until the cost is removed from base rates during a utility’s rate case. The TCA factor shall be included as a separate line item on the customer’s bill.

**20.21(2) *TCA annual factor.*** An annual TCA factor update shall be filed as a TF docket at least 30 days prior to the beginning of the utility’s TCA year. The TCA update shall include information describing which eligible TCA costs are being recovered through the TCA and, if not recovered through the TCA, where eligible costs are being recovered. The annual TCA factors for each customer classification or grouping shall be based upon forecasted transmission costs allocated to Iowa retail customers, forecasted Iowa sales or demand, and allocation factors approved by the board. The forecasted allocation factors shall be based on a three-year average of the actual allocation factors for each of the three previous calendar years. For customers billed by kilowatt-hours, the factors shall be developed on a kilowatt-hour basis. For customers billed by kilowatt, the factors shall be developed on a kilowatt basis. In addition, the following is required to be included with this filing:

*a.* A listing of all transmission costs that are incurred by or charged to the public utility and are consistent with a tariff or agreement that is subject to the jurisdiction of the Federal Energy Regulatory Commission, detailing where each transmission cost is currently being recovered (e.g., base rates, TCA).

*b.* A time series chart of each transmission cost eligible for inclusion in the TCA for the previous three calendar years.

**20.21(3) *Annual reconciliation.*** Within four months after the effective date of annual TCA factors, a utility shall file an annual reconciliation based upon actual costs and revenues attributed to Iowa customers for the prior calendar year. The annual reconciliation shall be filed in the same TF docket identified for the annual filing required in subrule 20.21(2). The reconciliation shall include updated allocators for each customer classification or grouping based on actual load data from the prior calendar year. The actual costs for the prior calendar year shall be allocated to each customer class based upon the updated allocation factors. The utility shall compare the actual transmission costs allocated to each customer class with the actual revenue billed through the TCA by customer class net of the prior year’s reconciliation dollar amount for each customer class. Any resulting overcollection or undercollection for each class shall be divided by the forecasted sales or demand for each customer class for the remainder of the TCA period. The resulting adjustments shall be added to the effective TCA factors which were approved in the TCA annual factor filing under subrule 20.21(2). The adjusted TCA factor for customers billed by kilowatt-hours shall be developed on a kilowatt-hour basis, and for customers billed on a kilowatt basis, the adjusted TCA factor shall be developed on a kilowatt basis.

**20.21(4) *Other adjustments to the TCA factor.*** A utility may propose other adjustments to the TCA factor throughout the 12-month TCA period to assist with accurate recovery of forecasted costs and revenues, subject to board approval. Any midyear adjustments shall be filed in the same TF docket as the annual filing. If a utility proposes an adjustment to the TCA factor, other than the reconciliation required in subrule 20.21(3), the utility shall provide an explanation for the proposed adjustment and provide information to support the proposed adjustment. For any customer billed by kilowatt-hours, the proposed adjustment shall be developed on a kilowatt-hour basis. For any customer billed on a kilowatt basis, the proposed adjustment shall be developed on a kilowatt basis.

**20.21(5) Quarterly informational filings.** By the end of the month following the end of each calendar quarter, the utility shall file a report containing, at minimum, the current cumulative overcollection or undercollection balance, support for the overcollection or undercollection calculation, the total transmission cost for the current calendar year by category, and the supporting invoices and documentation for the most recent calendar quarter. The reports shall be filed in the same TF docket as the annual TCA filing.

**20.21(6) Semiannual transmission reports.** Each year at the beginning, and midpoint of a utility's TCA year, each utility shall file a report detailing the utility's transmission-related activities. These reports shall detail the utility's recent efforts to mitigate transmission costs and influence policy to the benefit of the utility and its ratepayers.

**20.21(7) Midcontinent Independent System Operator, Inc. (MISO) refunds.** Any utility utilizing a TCA mechanism that receives transmission-related refunds from MISO shall file a refund plan for board approval, detailing how the utility will distribute the refund to customers. The refund plan must be filed once the amount and timing of the refund is known to the utility. The refund plan shall include an applicable interest rate for refund amounts held more than 30 days, the method of distributing the refund to customers, and the timing of distributing the refund to customers.

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